



The Mayor's 2020 Preliminary Budget

THE CITY OF FARGO

City Commission Briefing
July 23, 2019



BASIS FOR THE MAYOR'S PRELIMINARY BUDGET

- **North Dakota Century Code 40-40-04**
 - The governing body of each municipality, annually on or before August 10, shall make an itemized statement known as the preliminary budget statement showing the amounts of money which, in the opinion of the governing body, will be required for the proper maintenance, expansion or improvement of the municipality during the year.
- **Fargo Home Rule Charter Budget Section Article 2 Section B (3)**
 - The Mayor shall cause to be prepared and shall present to the governing body on or before September 1 of each year, the proposed budget for the ensuing fiscal year, which starts on January 1 and ends on December 31.

RECENT NATIONAL RECOGNITIONS



GROWTH IN THE DEMAND FOR CITY SERVICES (TEN YEAR HISTORY)

+26%

Public Library
Collection Usage



+33%

Drinking Water
Daily Consumption



+56%

Public Works
Miles of Streets



+86%

Fargo Police
Service Calls

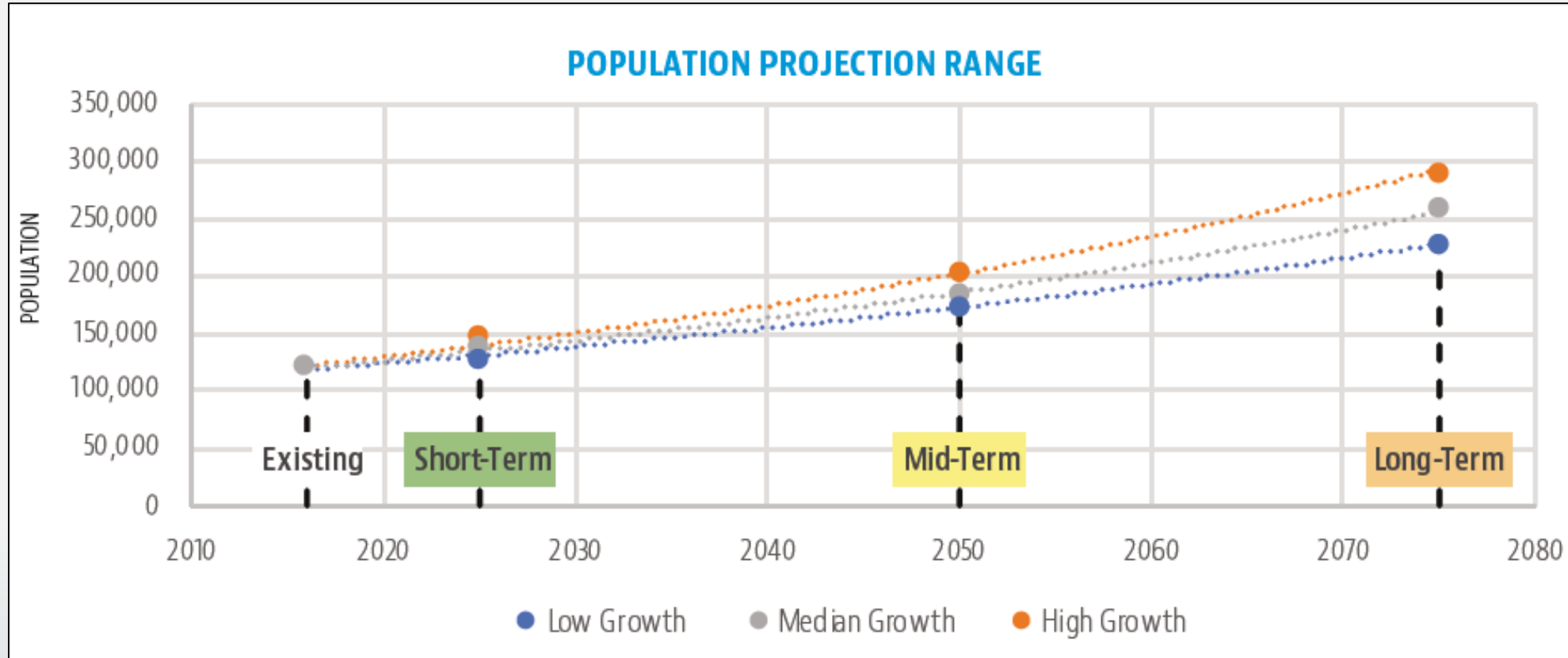


+161%

Fargo Fire
Service Calls



FARGO POPULATION FORECASTS

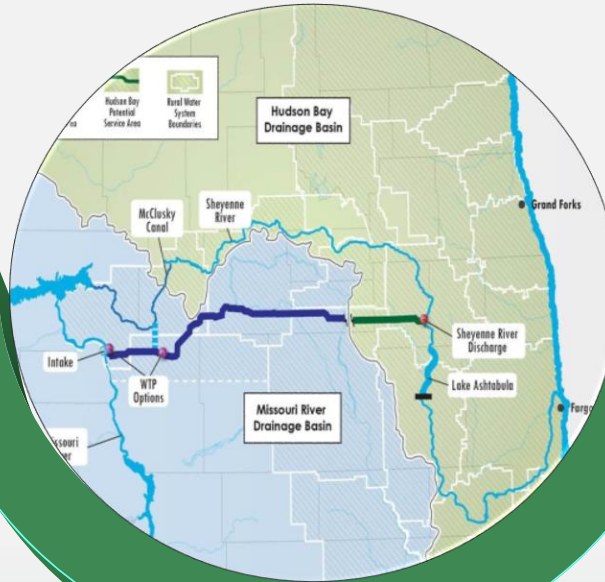


YEAR	LOW POPULATION GROWTH	MEDIAN POPULATION GROWTH	HIGH POPULATION GROWTH
	POPULATION (PEOPLE)		
2016	120,356		
2025	128,900	135,500	142,800
2050	174,500	185,000	201,400
2075	227,600	257,000	293,000

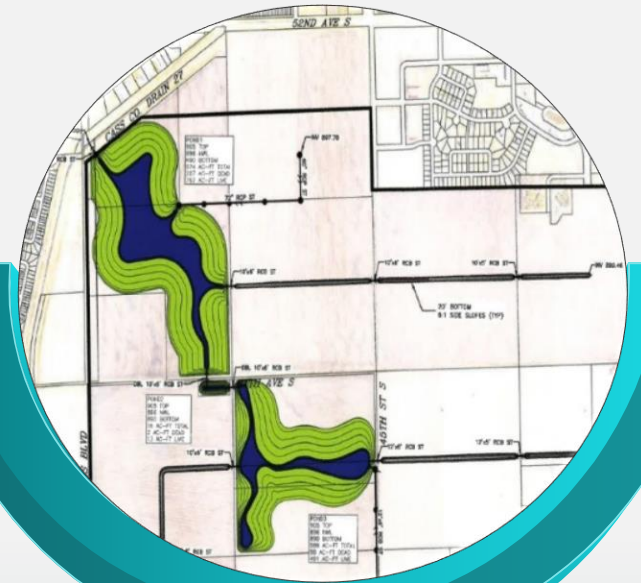
MAJOR INITIATIVES



F-M AREA DIVERSION



**RED RIVER VALLEY
WATER SUPPLY PROJECT**



**SOUTHWEST REGIONAL
STORMWATER RETENTION &
RECREATION POND**

MAJOR INITIATIVES



FARGODOME EXPANSION



PERFORMING ARTS CENTER



CIVIC PLAZA

ENSURING STREET-LEVEL SERVICE EXCELLENCE



GENERAL FUND BUDGET CHALLENGES



**City Staff Market
Implementation**
\$ 163,065



**Bus Driver Contract
Market Adjustment**
\$ 486,000

**Public Safety Market
Implementation**
\$ 947,000



**2.5% Competitive
Wage Adjustment**
\$ 1,496,000



GENERAL FUND BUDGET CHALLENGES

New Full Time Employees for 2020

43.95 requested
6.00 approved

\$ 517,659



Cass Clay Land Trust + Fueling Our Future

\$ 150,000



Health Insurance Premiums (+15%)

\$ 800,000



Growth in Operating Service Levels

\$ 145,524

MAJOR CATEGORIES OF BUDGETARY EXPENSES

A photograph of a man sitting at a desk in an office, working on a computer. The image is partially covered by a semi-transparent blue rectangle.

Personnel Expenses

A photograph of a yellow snowplow clearing snow on a road. The image is partially covered by a semi-transparent blue rectangle.

Operating Expenses

A photograph of a modern building with large glass windows. The image is partially covered by a semi-transparent teal rectangle.

Capital Expenses

Personnel Expenses



EVALUATION CRITERIA FOR PERSONNEL REQUESTS

Improving Existing Service Delivery

Does the request improve an existing City function or service?

Response to Growth

Does the request directly correspond to the increasing population and/or geographical size of Fargo?

Partnerships

Does the request leverage external partnerships/funding opportunities? Create or enhance an internal cooperative initiative?



Outside Revenue

Does the request leverage, or create a future opportunity, to leverage outside non-City revenue to assist with the new employee?

Public Safety

Does the request invest in a public safety initiative or enhance community safety?

Succession Planning

Does the request prepare the department and City for the attrition of existing personnel? Is it a future-oriented request to sustain service excellence?

PERSONNEL (GENERAL FUND)

Department	2020 Requested	2020 Approved
Human Resources	1.00	-----
Information Services	2.00	-----
Public Information	1.00	-----
Auditor	1.00	-----
Assessor's Office	2.00	-----
Planning	0.25	-----
Library	1.50	-----
Engineering	2.00	-----
Streets & Sewers	9.00	2.00
Central Garage	2.00	1.00
Transit	8.20	-----
Fire	9.00	-----
Police	6.00	4.00
Civic	(1.00)	(1.00)
GENERAL FUND TOTAL	43.95	6.00

INVESTING IN FARGO'S PUBLIC SAFETY (CUMULATIVE SUMMARY – 2014 TO 2020)

Fargo Police Department	Fargo Fire Department
35 Police Officers	4 Firefighters
2 Police Sergeants	2 Fire Inspectors/Investigators
1 Crime Analyst	
5 Non-Sworn Positions	
Fargo Police – 43 Total New FTEs	Fargo Fire – 6 Total New FTEs

PERSONNEL (NON-GENERAL FUND)

Department	2020 Requested	2020 Approved
Water	4.00	2.00
Storm Water	0.50	0.50
Wastewater	0.50	0.50
Street Lights	1.00	-----
Forestry	1.00	1.00
FARGODOME	2.00	2.00
ENTERPRISE FUNDS TOTAL	9.00	6.00
Planning (CDBG Grant, HUD HOME Grant)	1.00	1.00
SPECIAL REVENUE FUNDS TOTAL	1.00	1.00
TOTAL PERSONNEL – CITYWIDE	53.95	13.00

Operating Expenses

THE CITY OF
Fargo
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OPERATING EXPENSES ADDED

Department	2020 Requested (\$)	2020 Approved (\$)
City Administrator	75,000	75,000
Human Resources	782	782
Public Information	27,250	27,250
City Attorney	146,000	100,000
City Prosecutor	25,030	24,730
Auditor's	10,360	5,360
City Assessor	12,076	12,076
General Support	88,100	41,100
Buildings & Grounds	109,258	39,258
Planning	32,750	7,750
Inspections	26,950	12,950
Transit	1,339,732	677,698
Engineering	5,400	5,400
Street Department	387,020	118,520
Central Garage	106,200	71,200
Fire	54,680	44,680
Police	74,890	64,890
Library	78,909	43,909
TOTAL ADDITIONAL OPERATING EXPENSES	\$ 2,600,387	\$ 1,372,553

OPERATING EXPENSES REDUCED

Department	2020 Requested (\$)	2020 Approved (\$)
Information Services (IS)	-----	(15,000)
Baseball Stadium	(35,000)	(35,000)
Municipal Court	-----	(21,000)
Incarceration	-----	(35,000)
Engineering – One Call	1,200	(4,300)
Traffic Engineering	1,251	(533,749)
Health	(91,710)	(91,710)
City Commission	(5,500)	(5,500)
Civic Center	-----	(15,770)
Unallocated	-----	(470,000)
TOTAL REMOVED OPERATING EXPENSES	(\$ 129,759)	(\$1,227,029)
NET OPERATING EXPENSES DIFFERENCE	\$ 2,470,628	\$ 145,524

Capital Expenses



GENERAL FUND 101

Department	2020 Requested (\$)	2020 Approved (\$)
Auditors	51,000	26,000
Buildings & Grounds	6,000	6,000
Transit	30,000	30,000
Planning	35,000	30,000
Engineering	40,600	36,600
Central Garage	51,000	51,000
Fire	137,500	32,500
Police	15,000	15,000
Health	19,500	16,500
Library	23,000	23,000
Human Resources	61,300	24,000
Municipal Court	2,335	2,335
Public Information	25,000	25,000
Information Services (IS)	1,299,864	321,500
TOTALS	\$ 1,797,099	\$ 639,435

CAPITAL EQUIPMENT FUND 475

Department	2020 Requested (\$)	2020 Approved (\$)
City Administration	50,000	50,000
Information Services (IS)	390,000	390,000
Public Information	240,000	240,000
Buildings and Grounds	70,000	70,000
Planning	60,000	60,000
Inspections	25,000	25,000
Engineering	62,900	62,900
Street Department	698,000	698,000
Central Garage	100,000	100,000
Fire	100,000	100,000
Police	331,500	331,500
Library	110,000	110,000
Outdoor Warning Sirens	120,000	120,000
Street Department Vehicles	991,000	986,000
Central Garage Vehicles	308,000	129,000
Fire Vehicles	550,000	550,000
Police Vehicles	350,000	350,000
TOTALS	\$ 4,556,400	\$ 4,372,400

CAPITAL BUILDINGS FUND 402

Department	2020 Requested (\$)	2020 Approved (\$)
Mercantile Ramp	15,000,000	-----
Civic Plaza	11,000,000	-----
Transit Capital Grant Equipment	3,180,800	492,800
Baseball Stadium	180,000	180,000
Public Works	400,000	400,000
Buildings & Grounds	252,000	252,000
Fire	1,260,000	640,000
Civic	400,000	400,000
TOTALS	\$ 31,672,800	\$ 2,364,800

2020 GENERAL FUND EXPENSE PROJECTIONS

Expense Category	2019 Approved Budget (\$)	2020 Requests (\$)	2020 Proposed (\$)	Percent of Total (%)	Change from 2019 Approved to 2020 Proposed	
Salaries	52,650,892	58,668,145	55,763,840	54.1%	3,112,948	5.9%
Benefits	17,244,531	18,219,963	18,322,170	17.8%	1,077,639	6.2%
Other Services	11,211,490	12,326,507	11,560,013	11.2%	348,523	3.1%
Capital Outlay	636,835	1,827,999	639,435	0.6%	2,600	0.4%
Transfers	2,924,945	6,337,784	3,462,894	3.4%	537,949	18.4%
MAJOR COSTS	\$ 84,668,693	\$ 97,380,398	\$ 89,748,352	87.0%	\$ 5,079,659	6.0%
Energy	2,829,890	2,922,917	2,745,917	2.7%	(83,973)	(3.0%)
Repairs & Maintenance	3,783,605	3,944,041	3,899,041	3.8%	115,436	3.1%
General Supplies	2,597,760	2,683,883	2,683,633	2.6%	85,873	3.3%
Rentals	1,399,946	1,628,121	1,628,121	1.6%	228,175	16.3%
Major Supplies	676,546	784,046	784,046	0.8%	107,500	15.9%
Miscellaneous	596,005	612,005	666,005	0.6%	70,000	11.7%
Travel & Education	860,787	927,412	906,512	0.9%	45,725	5.3%
Insurance	684,712	738,355	758,355	0.7%	73,643	10.8%
Communications	444,396	459,628	458,128	0.4%	13,732	3.1%
Advertising & Printing	278,560	285,510	280,390	0.3%	1,830	0.7%
Debt Service	17,100	18,000	18,000	0.0%	900	5.3%
Unallocated	(600,000)	(600,000)	(1,441,500)	(1.4%)	(841,500)	(140.3%)
MINOR COSTS	\$ 13,569,307	\$ 14,403,918	\$ 13,386,648	13.0%	(\$182,659)	(1.3%)
TOTALS	\$ 98,238,000	\$ 111,784,316	\$ 103,135,000	100.0%	\$ 4,897,000	5.0%

City Revenues



2020 INCREASED REVENUE REQUIREMENTS



MILL LEVIES & HISTORICAL REVIEW

Current City of Fargo Mill Levy



■ Mills Levied ■ Mills Available

[Mill levy limitation of 64 mills]

Collection Year	City Mill Levy
2013	58.25
2014	57.25
2015	57.25
2016	55.00
2017	53.00
2018	51.00
2019	51.00
2020	53.00*

Since 2012,
7.25 mill reduction

2020 GENERAL FUND REVENUE PROJECTIONS

Revenue Source	2019 Budget (\$)	2020 Proposed (\$)	Change (\$)	Change (%)
Property Taxes	25,792,000	29,277,000	3,485,000	13.5%
Franchise Fees	5,431,100	5,400,000	(31,100)	(0.6%)
Licenses & Permits	5,559,000	4,829,250	(729,750)	(13.1%)
Federal Grants	4,184,066	4,474,260	290,194	6.9%
State Share Revenues	18,055,668	18,707,679	652,011	3.6%
Local Grant Revenues	1,696,227	1,714,244	18,017	1.1%
Charges for Services	15,837,863	16,217,253	379,390	2.4%
Fines	2,142,500	2,437,500	295,000	13.8%
Interest	3,595,000	3,958,200	363,200	10.1%
Miscellaneous	1,754,976	1,848,614	93,638	5.3%
Transfers	14,494,600	14,286,000	(208,600)	(1.4%)
TOTALS	\$ 98,543,000	\$ 103,150,000	\$ 4,607,000	4.7%

NEXT STEPS OF THE 2020 BUDGET PROCESS

July 23	The Mayor's Preliminary Budget Presentation
July 24 – August 2	Review and Comment by Commissioners
August 12	Receive, File & Approve Preliminary Budget
August 12	Deadline to Approve Preliminary Budget
August 31	Cass County Sends Consolidated Budget Data and Property Owner Notification Mailings
September 9	Public Hearings on Property Tax and Preliminary Budget
September 23	Approve Final Budget and Tax Levies
October 7	North Dakota Century Code Deadline for Budget Approval

A photograph of the Fargo City Hall building, a modern structure with large windows and a brick section. The image is overlaid with a semi-transparent blue filter. The text is white and positioned over the building and the foreground lawn.

“

It's tough to run a city.

Leaders must strike the fine balance between running all departments optimally with a limited budget, while keeping residents happy.

The bigger cities get, the more complex this tends to become.

”

– WALLETHUB

FARGO COMPETES NATIONALLY



WalletHub's Top 10 for City Services (2019)

**A Safe City
for Everyone**



**Nationally Recognized
Service Excellence**



**The Regional
Leader**



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**Community
Engagement**



Smart Growth





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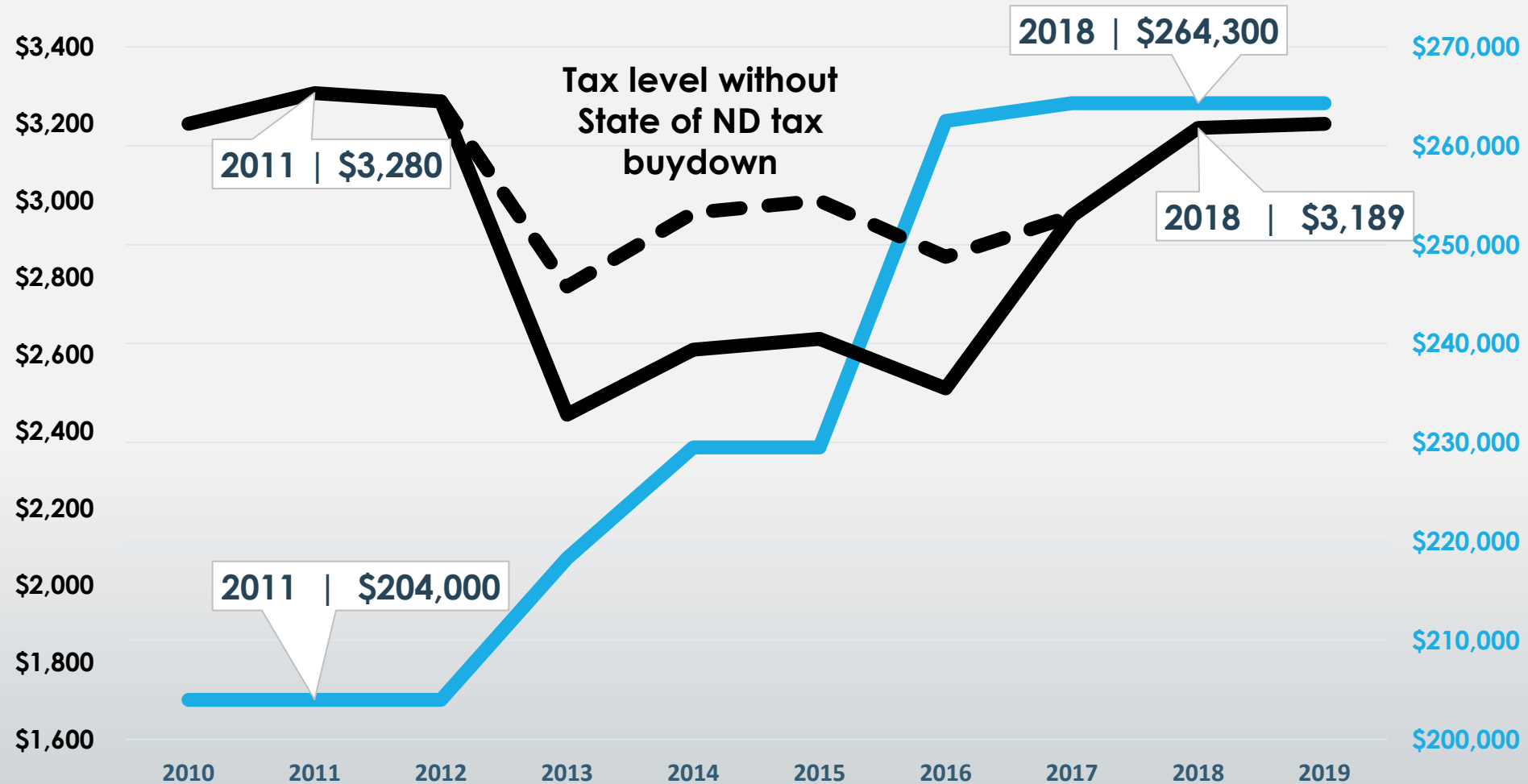
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Supplemental Budget Data

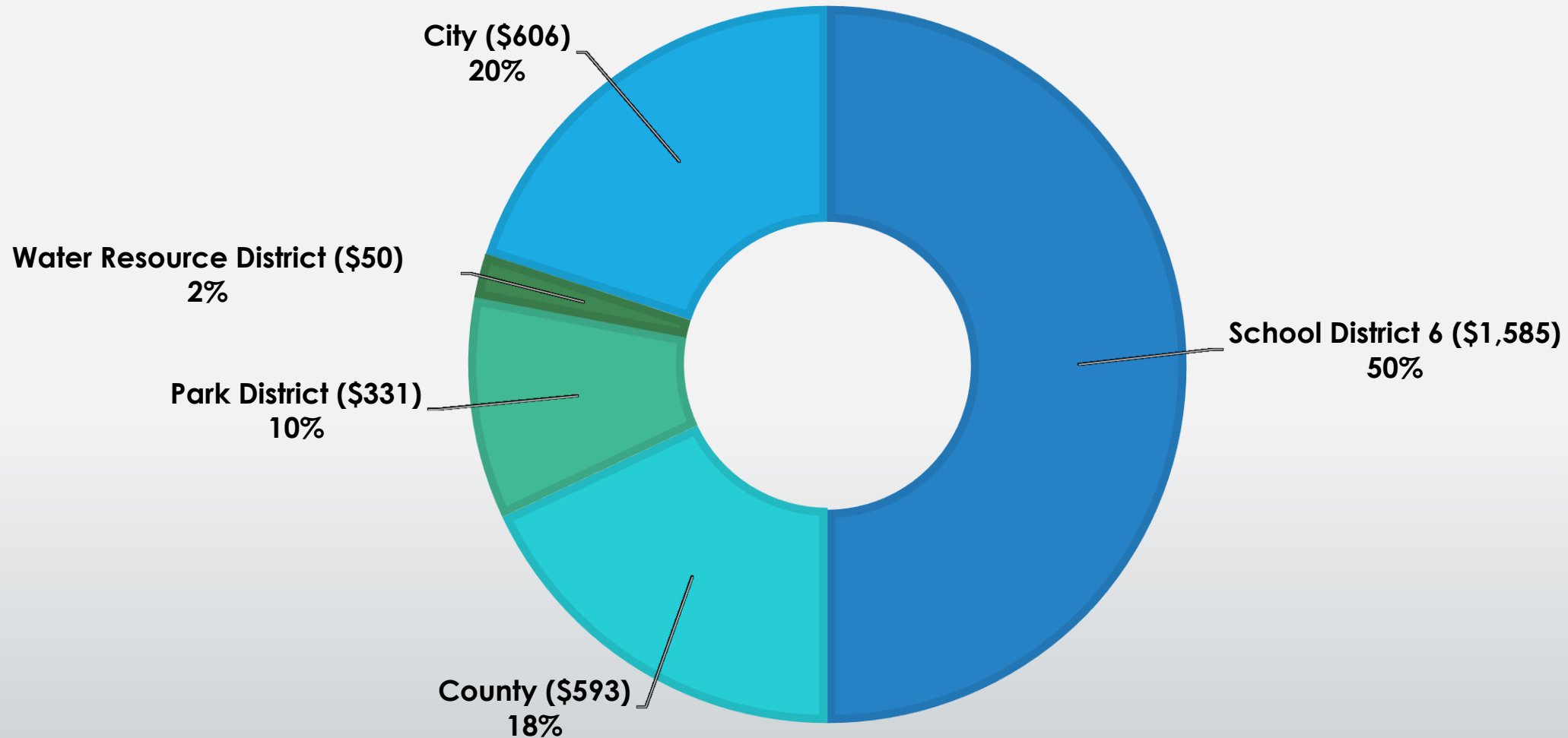
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AVERAGE HOMEOWNER'S PROPERTY VALUE & PROPERTY TAXES PAID (4200 BLOCK 54TH ST. S)



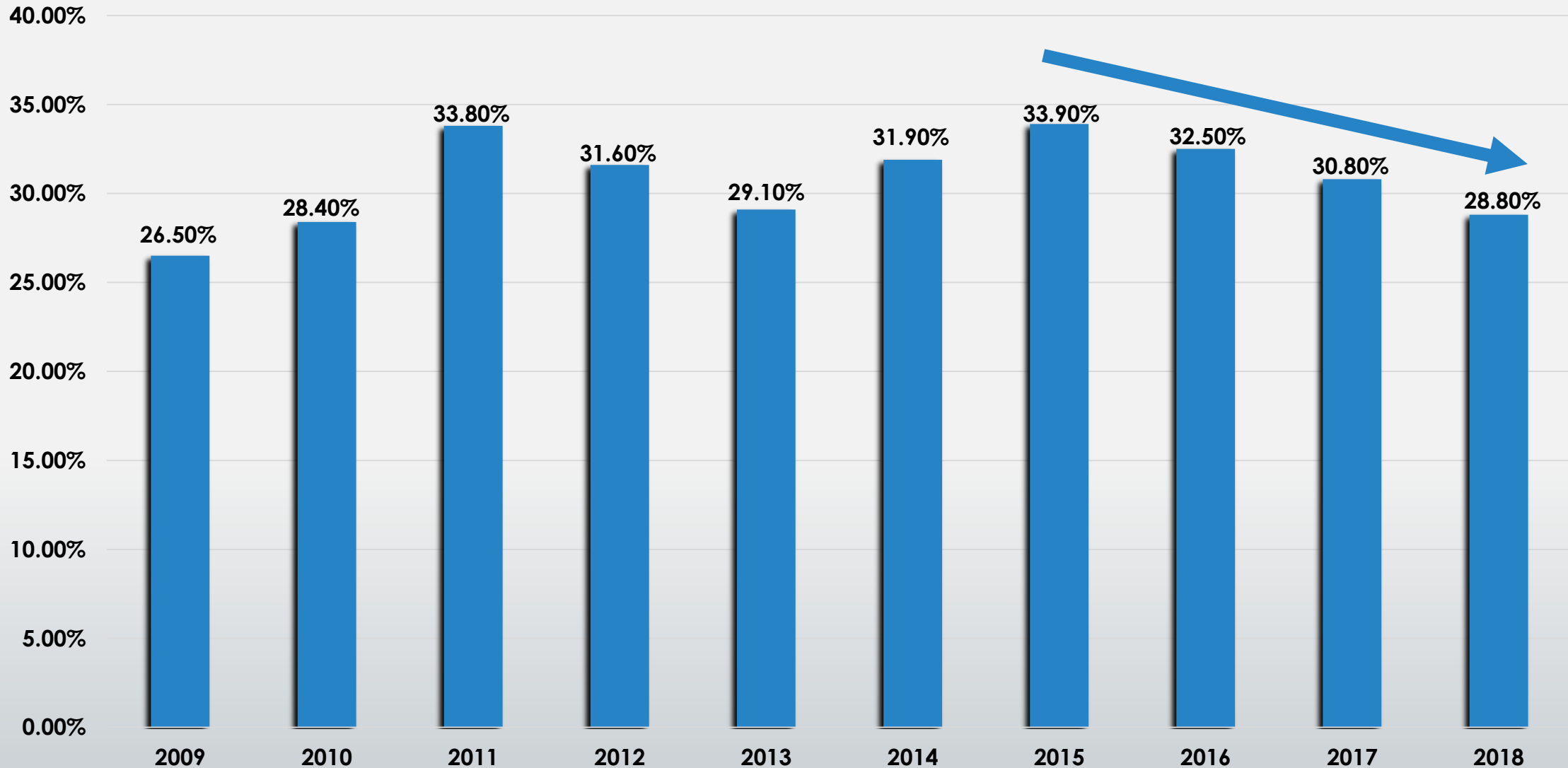
AVERAGE 2018 HOMEOWNER'S PROPERTY TAX DISTRIBUTION (4200 BLOCK 54TH ST. S)



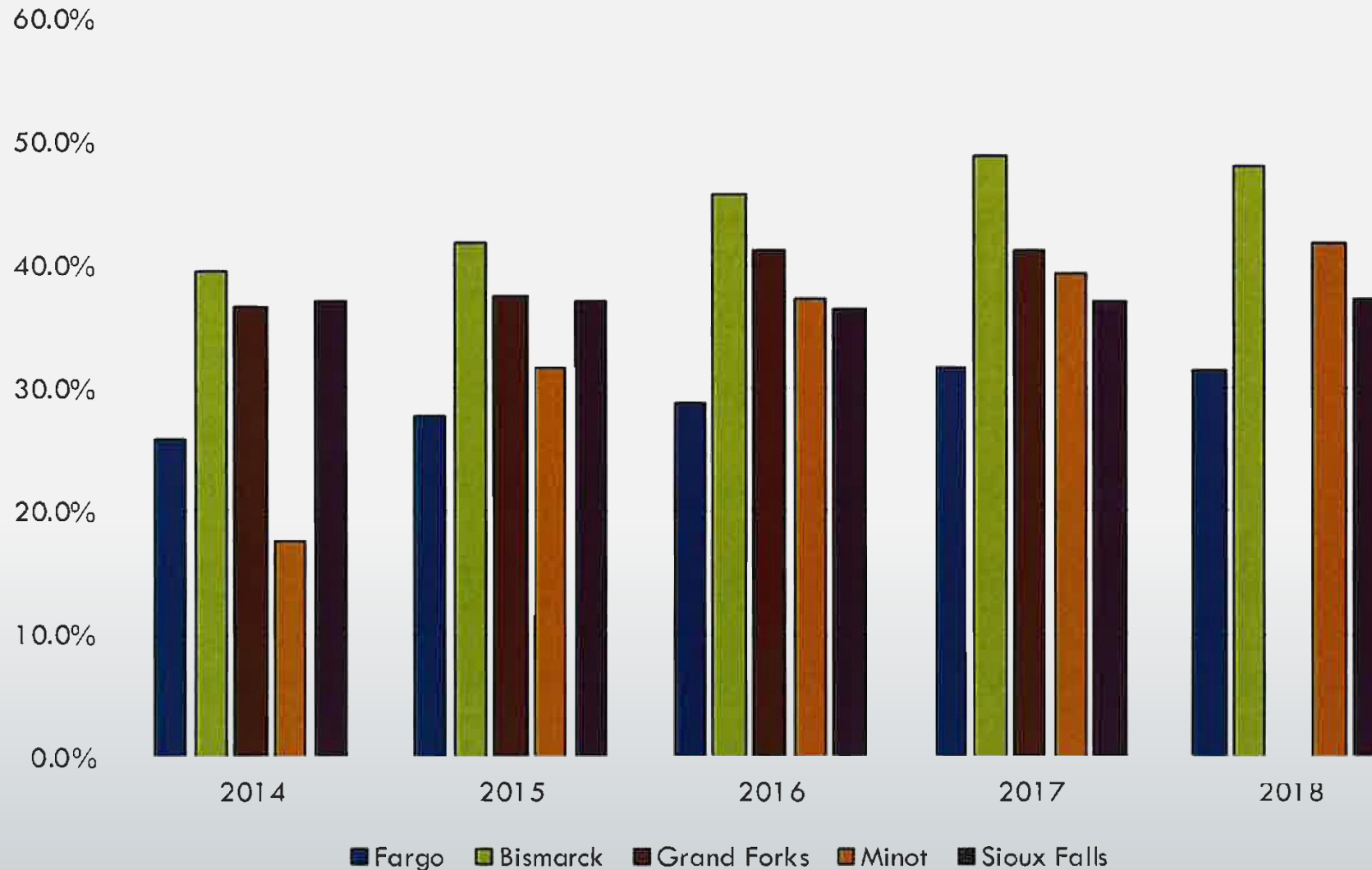
GENERAL FUND EXPENDITURES

Year	Amounts	% Change	Comments
1999	\$ 34,950,263	-----	-----
2000	\$ 36,324,287	3.9%	-----
2001	\$ 40,138,103	10.5%	-----
2002	\$ 43,778,032	9.1%	-----
2003	\$ 46,134,175	5.4%	-----
2004	\$ 50,285,981	9.0%	-----
2005	\$ 54,727,973	8.8%	-----
2006	\$ 55,753,269	1.9%	-----
2007	\$ 58,024,213	4.1%	-----
2008	\$ 64,647,958	11.4%	-----
2009	\$ 69,497,958	7.5%	-----
2010	\$ 73,176,497	5.3 %	-----
2011	\$ 73,859,073	0.9%	-----
2012	\$ 82,933,717	12.3%	-----
2013	\$ 90,876,564	9.6%	-----
2014	\$ 89,089,116	-2.0 %	-----
2015	\$ 90,649,823	1.8%	-----
2016	\$ 94,213,035	3.9%	-----
2017	\$ 94,161,467	-0.1%	-----
2018	\$ 99,199,472	5.4%	-----
2019	\$ 98,238,000	-0.9%	-----
2020	\$ 103,135,000	5.0%	<i>Proposed Budget</i>

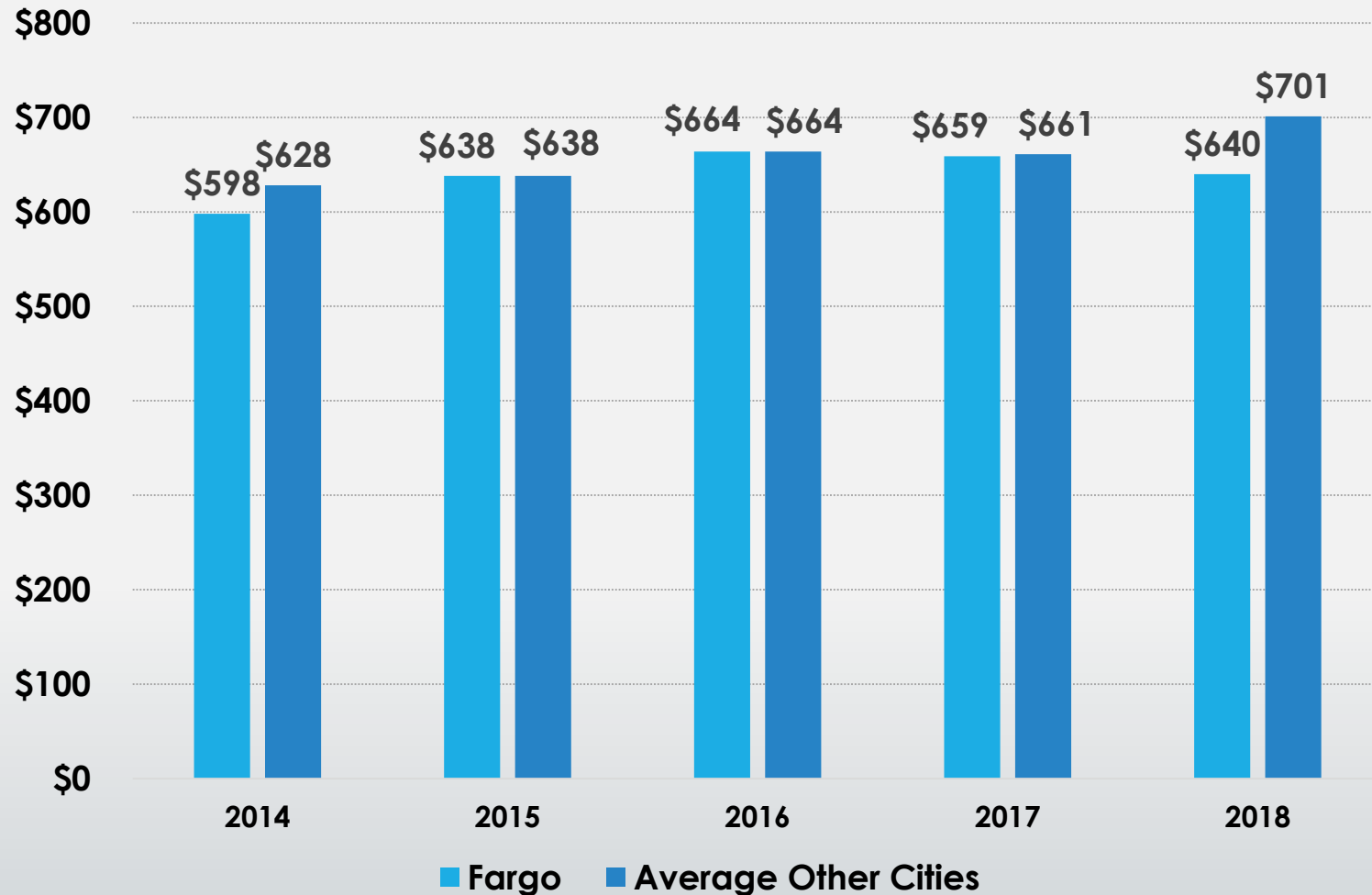
DECREASE IN FARGO'S GENERAL FUND RESERVES



PROPERTY TAXES AS % OF GENERAL FUND REVENUES

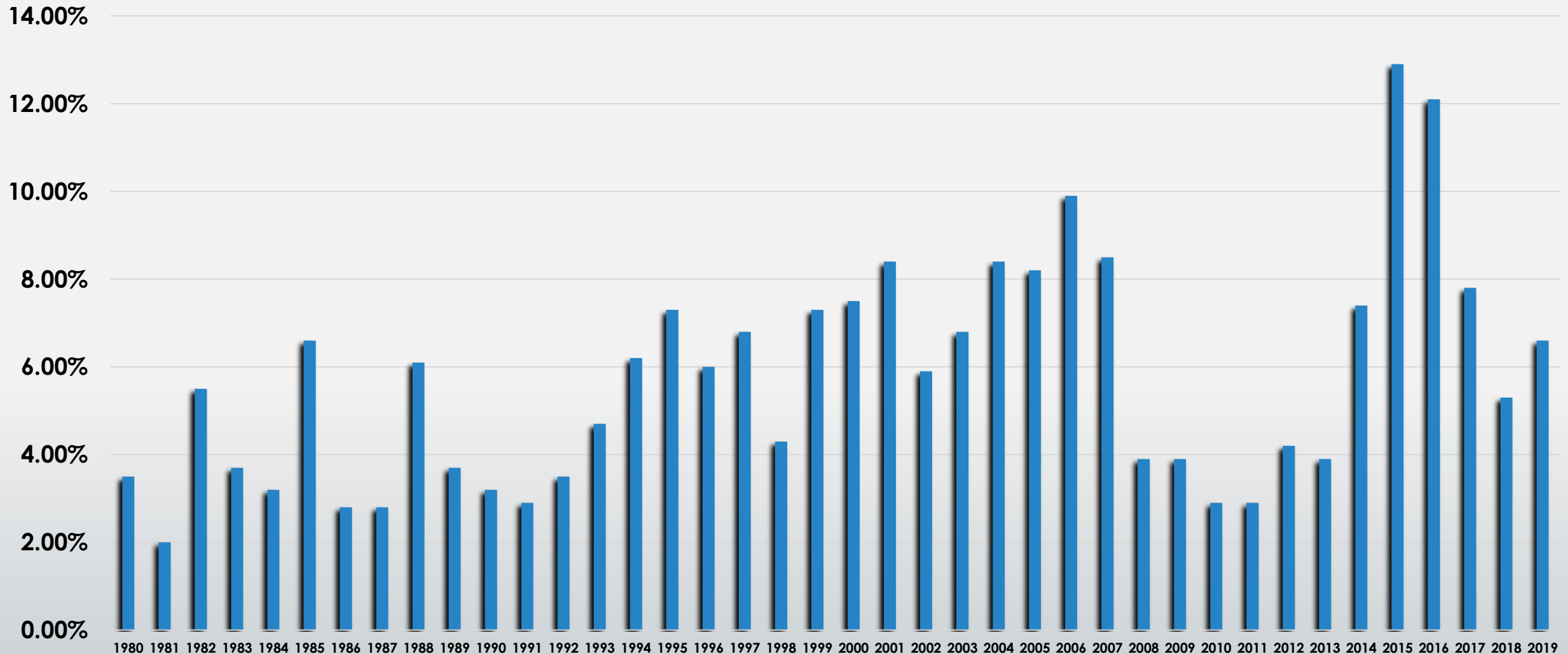


OPERATING EXPENDITURES PER CAPITA



Average 'other cities' information includes data from the Cities of Bismarck, Sioux Falls, Grand Forks and Minot

INCREASE IN FARGO'S TAXABLE VALUES



TEN YEARS OF FARGO TAXABLE VALUES

Year	Taxable Valuation	% Change
2010	\$ 323,469,156	+ 2.9%
2011	\$ 332,779,107	+ 2.9%
2012	\$ 346,750,408	+ 4.2%
2013	\$ 360,271,576	+ 3.9%
2014	\$ 387,008,093	+ 7.4%
2015	\$ 436,837,979	+ 12.9%
2016	\$ 489,481,255	+ 12.1%
2017	\$ 527,912,051	+ 7.9%
2018	\$ 556,125,077	+ 5.3%
2019 (est.)	\$ 592,621,464	+ 6.6%